

**Testimony of**  
**Mayor Thomas J. Carlson**  
**City of Springfield, Missouri**

**U.S. House Government Reform Subcommittee on Federalism and the Census**

**March 21, 2006**

My name is Tom Carlson. It is my honor to represent the citizens of Springfield, Missouri as their Mayor. I want to thank you for coming to Springfield and allowing us to host this Congressional Field Hearing. We appreciate the opportunity to showcase our community and the good things happening here and to talk with you about our experiences with federal programs.

You've asked for our ideas about collaborative efforts to attract and retain jobs and how we use federal programs to achieve that goal. In Springfield more than 97% of all business establishments have 100 or fewer employees. Many of our largest employers are homegrown but nationally known – Bass Pro Shops, O'Reilly Automotive, Loren Cook, Paul Mueller. We place a big emphasis on nurturing small business and providing opportunities for them to expand locally. To that end, we've established an economic development partnership with Greene County, the local Chamber of Commerce and the local Utility. This partnership has built two industrial parks, which have seen almost \$200 million of investment and the creation of more than 2,500 jobs. The majority of the tenants in those two parks are local business, which have grown into major employers.

We were able to establish those industrial parks and grow those businesses through the collaborative efforts of our local economic development partners. But in order to have a truly successful community, we need more than the typical job creation aspect of economic development. Community development is also economic development. It's important for us to have affordable housing, a vital downtown, and safe neighborhoods. We find that as we talk to companies interested in expanding their operations in Springfield, they are interested in more than wage rates and the cost of utilities –their employees want to live where there's a good quality of life and a vibrant community.

As an entitlement community, Springfield has made extensive use of the Community Development Block Grant program. We have used CDBG to revitalize some of our most troubled Center City neighborhoods and to facilitate the rebirth of downtown. The cornerstone for CDBG success in Springfield has been the local flexibility to design sustainable programs of lasting value to the community.

We have used this program to create loan programs for housing rehabilitation and small business development. Since 1984, more than \$15 million has been invested in Center City business development. The CDBG loan funds are always used for gap financing – there are always bank or other loans in front of us. We have leveraged more than \$25 million with our investment and more than 375 jobs have been created, principally employing low- and moderate-income people. These jobs are primarily local start-up businesses - many with fewer than 25 employees. We believe that these small businesses are the backbone of our community and our nation.

On the residential side, we have rehabilitated housing for the poorest of Springfield's poor. Depending on their income, we make the loans at low to no interest and defer all payments until the property is sold – in essence giving them a grant so that they may live in safe, affordable housing while recapturing our investment when the house is transferred.

One of the keys to our success has been the fact that the federal government trusted the local community to determine the best use of funds while still requiring that the broad federal goals be met. CDBG is one of the most significant ways that the federal government can assist local communities. It is very important to continue CDBG funding along with its provisions for local flexibility.

Part of the CDBG program is the HUD Section 108 program, which allows communities to borrow federal funds secured by future CDBG allocations. We have used this funding on key downtown projects including College Station. This project will take a vacant city parking lot and redevelop it with a 14-screen theater, a parking deck, and 50,000 square feet of retail and office space. In addition to bringing new jobs to Springfield, this project will provide another reason for families to visit and live downtown. The 108 funding is essential to this project. We are concerned that the FY07 budget zeroes out funding for this important economic development tool. We encourage you to reinstate funding for HUD Section 108 programs.

Another key component to the revitalization of our downtown and historic neighborhoods has been the Federal Historic Preservation Tax Credit program. Three-fourths of the redevelopment projects in the center city were dependent upon the federal tax credits. As a private developer who uses the historic tax credits, I can attest that these projects would not have occurred without the credits. They must be continued in order for revitalization and job creation to continue in center city Springfield.

The City of Springfield also has used the federal Brownfield programs to clean up our old industrial areas and make them ready for business development. We have been the recipient of several Brownfield Assessment grants and a Brownfield Economic Development Initiative grant. We understand that BEDI grants have been targeted for zero funding in the FY07 federal budget. I encourage you to reinstate funding for this important tool. I also encourage Congress to consider streamlining programs so that communities, states, and the federal government can provide a coordinated and collaborative approach. One idea would be to create a Brownfield block grant program similar to the Community Development Block Grant program. This could allow communities to create programs to solve their unique problems in a coordinated approach. The Brownfield issue particularly lends itself to this approach because contamination issues in Springfield Missouri differ dramatically from those found in the Rust Belt or East Coast. We encourage you to set broad federal goals – as is done with CDBG – and then give communities flexibility to create local programs that meet national goals.

In closing, the national economy is based on the collective impact of local economies. Local economies are driven by small businesses and entrepreneurs that are growing their businesses. The Springfield model is a strong cooperation between the City, County, Utility and business community - from joint committees that review all proposed regulations and fees to the Chamber economic leadership leading tax referendum, to implementing the recommendations of our community-driven Vision 20/20 Master Plan to formal partnerships that own and manage Industrial Parks. More than three-fourths of our CDBG, 108, and HOME funds go directly to small business loans that leverage additional bank investments. The remaining 25% goes directly to housing loans that create the Quality of Life in neighborhoods that makes business investment attractive.

The important message is that Federal dollars are not being spent on local priorities – they are being spent on local efforts that collectively create and drive the national economy. Our goal is to make you successful.

Thank you for the opportunity to address these issues and thank you for the opportunity to host you in Springfield.

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